

Medicare and Seniors and Such: Remember back in the early 2000's when then-President George W. Bush proposed reforming Social Security with an option to set up "private accounts"? In spite of Republican control at the time of the White House, the House and the Senate, the proposal failed to garner the requisite 60 votes in the Senate and therefore did not become law. Democrats used this to some success in the next election by relentlessly pounding Republicans for trying to "end Social Security".

It is now 10 years later and no reforms of any significance of any of the entitlement programs have been enacted. Like 10 years ago, Republicans are proposing another reform. But, unlike 10 years ago, the country's financial situation is far more dire, with record deficits and record debt and all of the entitlement programs facing collapse. However, the Democratic National Committee's (DNC) political playbook remains unchanged. They are excoriating Republicans around the country for "voting to end Medicare" by supporting the Paul Ryan budget. Never mind that Medicare taxes currently only cover about half the cost of the program today. Never mind that 10,000 Americans now turn 65 (and become eligible for Medicare) every **day**, and not nearly that many people are entering the system at the other (paying) end. Never mind that the way to end Medicare is to do exactly what the Democrats propose to do, which is nothing. If we leave it alone, it will become so upside down in just a few short years that it will end.

Frankly, I think the Ryan plan is actually not aggressive enough. It "grandfathers" anyone 55 or older into the existing program. I happen to be 55 years old, so that is me. By grandfathering the likes of me, you ensure that we will not reduce costs in the program for at least 10 more years, and you are locking in some of those costs for the next 25 years (roughly my life expectancy). I don't think we have that much time before the system implodes. In Britain, they made changes which asked 65 year-olds to wait 2 more months before becoming eligible for their programs, and a 64 year old to wait 4 months and so on. This enabled them to save money right away without making things too tough on anyone and they are on track to balance their budget in about 4 years.

Those of you reading this who work for the DNC or the DCCC can now begin the chant of how much I clearly hate seniors, etc. etc.

What is not being talked about much is how the real damage to seniors' future is being done right now through the policies of those very people who are critical of **any** sensible plan to reform entitlements. The current policy of high-deficits and printing money and holding artificially low interest rates is actually eroding the living standards of seniors much more so than anything

they can pretend that Medicare reform would do.

Let me explain. Seniors live on fixed incomes. That income is often derived from interest and dividends on investments from a lifetime of saving and retirement planning. Those investments are usually made in relatively low-risk instruments since seniors do not have the time to earn the money again should the investment go bad. One of those investments traditionally has been Treasury Bills. Today, a 5 year Treasury Bill yields under 2% annually. But real inflation (so-called headline inflation) is running around 5%. And, the easy-money strategy to monetize our debt is depreciating the value of the dollar, which is further reducing purchasing power. The bottom line is that a senior saving money on a 5 year Treasury Bill will likely **lose** 15-20% purchasing power from their money even after the interest is taken into account. In other words, today's policies are punishing savers.

Why don't we ever talk about that? The responsible individual (which is most people) who puts something away for his or her retirement is the one suffering the most from the current policies. Maybe the DNC doesn't care about these people?

We **must** reform Medicare, Medicaid and Social Security, and we must do so soon and aggressively. If we do not, these programs will collapse, our economy will be severely damaged and we will further discourage people from and punish them for saving and taking care of themselves. And, we will simultaneously reduce living standards for seniors and opportunities for younger people. If you don't like our proposals, then put forward your own. We cannot continue to endlessly give ourselves benefits without paying for them and not have a bad outcome.

I don't care about the DNC's political rhetoric. That's the simple truth.